STATE OF ILLINOIS

BEFORE THE ILLINOIS COMMERCE COMMISSION

In the matter of Verizon Wireless	)	
Petition for Arbitration pursuant to	)	
Section 252 (b) of the Telecommunications	)	Docket No. 01-_______
Act of 1996 to establish an Interconnection	)	
Agreement with Illinois Bell Telephone	)	
Company d/b/a Ameritech Illinois	)	
___________________________________	)	

PETITION FOR ARBITRATION

Request for Negotiations Received:	August 2, 2000
135^{th} Day Thereafter:	December 15, 2000
160^{th} Day Thereafter:	January 9, 2001
9 Months Thereafter:	May 2, 2001

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Dated: January 5, 2001

TABLE OF CONTENTS

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PETITION FOR ARBITRATION

Verizon Wireless, by and through its attorneys, hereby petitions the Illinois Commerce Commission ("ICC" or "Commission") for arbitration of certain terms, conditions, and prices for interconnection and related arrangements with Illinois Bell Telephone Company d/b/a Ameritech Illinois, a subsidiary of SBC Communications, Inc. ("SBC"). This Petition is filed pursuant to Section 252 (b) of the federal Telecommunications Act of 1996 ("1996 Act"), 47 U.S.C. § 252 (b), and pursuant to Title 83, Part 761 of the Illinois Administrative Code, Arbitration Procedures, ILL. ADMIN. CODE tit. 83, § 761 (2000). Verizon Wireless respectfully requests that the Commission conduct the arbitration and adopt Verizon Wireless' proposed Interconnection Agreement, attached hereto as Exhibit A.

I. THE PARTIES

1. Verizon Wireless is the largest wireless communications provider in the United States with more than 26 million wireless voice and data customers and 3.5

million paging customers. Verizon Wireless was formed as a joint partnership operating the U.S. wireless businesses of Bell Atlantic Corp. and GTE Corp. - now Verizon Communications, Inc. (NYSE:VZ) - and Vodafone (NYSE and LSE: VOD). The former wireless carriers now making up Verizon Wireless include the assets of Bell Atlantic Mobile, AirTouch Cellular, GTE Wireless Incorporated, PrimeCo Personal Communications, AirTouch Paging, Illinois RSA 6 & 7 Limited Partnership, Illinois SMSA Ltd. Partnership, Chicago SMSA Ltd. Partnership and Cybertel Cellular Telephone Company.[1] All wireless carriers making up Verizon Wireless do business as Verizon Wireless. Verizon Wireless provides Commercial Mobile Radio Service ("CMRS") pursuant to 47 U.S.C. § 332 and Art. XII, Sec.13-214 of the Illinois Public Utilities Act, P.A. 85-1405. Verizon Wireless has its principal place of business at Bedminster, New Jersey.

2. Illinois Bell Telephone Company d/b/a Ameritech Illinois, a subsidiary of SBC Communications, Inc., is an incumbent local exchange carrier in Illinois within the meaning of Section 251(h) of the 1996 Act, 47 U.S.C. § 251(h). Within its operating territory, SBC has been the incumbent provider of telephone exchange service during all relevant times.

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[1] As a result of the merger of SBC Communications, Inc. and Ameritech Corporation, Ameritech Illinois was ordered to divest itself of certain wireless properties in geographic areas where there would be dual coverage by both companies. *See:* SBC Communications, Inc. and Ameritech Corp. Seek FCC Consent for a Proposed Transfer of Control and Commission Seeks Comment on Proposed Protective Order filed by SBC, 13 FCCR 25,297 (1998). The Cellular Radiotelephone Licenses of Chicago SMSA L.P, Illinois SMSA L.P., Illinois RSA 6 & 7 L.P., and CyberTel Cellular Telephone Company were transferred from Ameritech Corporation to Verizon Wireless f/k/a GTE Corporation. *See:* Re: Applications of Ameritech Corp. and GTE Consumer Services for Consent to Transfer of Control of Licenses and Authorizations, 15 FCCR 6,667 (1999).

3. All correspondence, notices, inquiries, and orders regarding this Petition should be served on the following individuals:

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4. On May 27, 1997, in Docket No. 97-NA-010, the Commission approved an Agreement for Reciprocal Compensation for CMRS Local Calling in Illinois between Ameritech Illinois and Ameritech Mobile Communications, Inc., Illinios SMSA Ltd. Partnership, Chicago SMSA Ltd. Partnership and Cybertel Cellular Telephone Company. The Agreement, dated March 11, 1997 had an initial term of one year, which has been subsequently extended. The parties also have an Agreement for Reciprocal Compensation for CMRS Local Calling in Illinois between Ameritech Illinois and GTE Mobilnet of Davenport Incorporated, dated February 11, 1997. This agreement also had an initial term of one year, which has been subsequently extended.

II. THE INTERCONNECTION NEGOTIATIONS AND RESOLVED ISSUES

5. On July 31, 2000, Verizon Wireless sent by return receipt requested certified United States Mail a written request to SBC to initiate negotiations for interconnection services in Illinois pursuant to Section 252 of the 1996 Act. SBC received this letter on August 2, 2000. A copy of Verizon Wireless' letter and correspondence from SBC confirming its receipt are attached hereto as Exhibit B. Pursuant to Section 252(b)(1) of the 1996 Act, carriers may petition the state commission for arbitration of any open issues during the period from the 135th day to the 160th day (inclusive) after having served the bona fide request for negotiation of an interconnection agreement on the incumbent local exchange carrier. Pursuant to Section 252 (b) (4) (C), the Commission has nine (9) months from the date of the carrier's request to initiate negotiations to reach a decision on the unresolved issues. Based upon the table below,

this arbitration request is, therefore, timely filed in accordance with the 1996 Act, having been filed after December 15, 2000 but before January 9, 1999.

Action	**Date**	**Days**
Verizon Wireless Requested Negotiations		
Date of letter:	July 31, 2000	—
Receipt of Letter by SBC:	August 2, 2000	0
Arbitration Window Opens:	December 15, 2000	135
Verizon Wireless Files for Arbitration:	January 5, 2001	156
Arbitration Window Closes:	January 9, 2001	160
Decision Expected:	May 2, 2001*	273
		* Nine months

6. Verizon Wireless, as the requesting telecommunications carrier, has negotiated in good faith in accordance with Section 251(c)(1) of the 1996 Act. Verizon Wireless has attempted to establish terms and conditions for a binding interconnection agreement with SBC to obtain the facilities, services, interconnections, arrangements, and network elements available under Section 251 of the 1996 Act. The verified statement of John L. Clampitt, which is attached hereto as Exhibit C, demonstrates Verizon Wireless' good faith efforts at negotiation of the resolved and outstanding issues and verifies the statements made in this Petition.

7. Since Verizon Wireless initiated negotiations, Verizon Wireless and SBC have held a number of telephone conference calls and exchanged drafts of the Interconnection Agreement. While the Parties have reached agreement on many provisions of the contract, they have not been able to resolve specific differences over contract language and policy issues. Thus, with the statutorily prescribed arbitration window set to close on January 9, 2001, Verizon Wireless has been compelled to seek arbitration of the remaining disputes with SBC. Verizon Wireless will continue negotiating with SBC in good faith even after this Petition has been filed, and hopes that

many of these issues can be resolved prior to any arbitration hearing. SBC has also indicated its willingness to continue negotiating.

8. To assist in the review of the unresolved issues and to provide an overview of the many issues on which the Parties have already reached agreement, Verizon Wireless has attached hereto, as Exhibit D, a redlined copy of the Verizon Wireless-SBC proposed interconnection agreement. Sections appearing in Exhibit D in normal type represent those matters on which Verizon Wireless believes the Parties have reached agreement.[2] Verizon Wireless has accepted SBC's proposed contract language, or, through numerous negotiating sessions reached agreement with SBC regarding, inter alia, the following sections of the agreement[3]: NPA-NXX, Amendments, Changes, and Modifications: Waiver, Assignment, Audits, Authorization, Compliance, Complete Terms, Confidential Information, Disclaimer of Warranties, Dispute Resolution, Effective Date, Force Majeure, Governing Law, Headings, Intellectual Property, Intervening Law, Law Enforcement and Civil Process, Limitation of Liability, Multiple Counterparts, Network Management, Non-Waiver, Notices, Patents, Trademarks & Trade Names, Publicity, Records, Relationship of the Parties, Remedies, Services, Survival of Obligations, Taxes, and Term and Termination. These sections of the proposed contract are the result of negotiation and do not discriminate against any telecommunication carrier.

[2] To the extent that SBC asserts in any response to this Petition that any of the issues that Verizon Wireless believes are and has identified as resolved are in fact open issues, Verizon Wireless reserves the right to present its position with respect to such matters as part of this Arbitration.

III JURISDICTION

9. Under the Act, Parties negotiating for interconnection, access to unbundled network elements, or resale of services within a particular state, may petition the state commission for arbitration of any unresolved issue during the 135th to the 160th day of such negotiations. 47 USC § 252(b). The statutory period for arbitration expires on January 9, 2001. Accordingly, Verizon Wireless files this Petition with the Commission on this date to preserve its rights under Section 252(b) of the Act, and to seek relief from the Commission in resolving the outstanding disputes between the Parties. Pursuant to Section 252(b)(4) of the Act, 47 USC § 252(b)(4)(C), this arbitration is to be concluded on or about May 2, 2001.

IV. APPLICABLE LEGAL STANDARDS

10. This arbitration must be resolved under the standards established in Sections 251 and 252 of the Act, 47 USC §§ 251, 252, the rules adopted and orders issued by the Federal Communications Commission ("FCC") in implementing the Act, and the applicable rules and orders of this Commission, including but not limited to Title 83, Part 761 of the Illinois Administrative Code, Arbitration Procedures, ILL. ADMIN. CODE tit. 83, § 761 (2000). Section 252 of the Act provides standards that this Commission shall use in resolving open issues through arbitration:

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[3] The following headings, as contained in the Agreement, are for convenience and identification only and are not necessarily a complete representation of the terms contained therein.

> (c) Standards for Arbitration.--In resolving by arbitration under subsection (b) any open issues and imposing conditions upon the parties to the agreement, a State commission shall--
>
> (1) ensure that such resolution and conditions meet the requirements of Section 251, including the regulations prescribed by the Commission pursuant to Section 251;
>
> (2) establish any rates for interconnection, services, or network elements according to subsection (d); and
>
> (3) provide a schedule for implementation of the terms and conditions by the parties to the agreement. 47 USC § 252(c)

11. The Commission should make an affirmative finding that the rates, terms, and conditions that it prescribes in this arbitration proceeding are consistent with the Requirements of Sections 251(b) and (c) and 252(d) of the Act, 47 USC §§ 251(b),(c) and 47 USC § 252(d).

V. UNRESOLVED ISSUES

12. In this section of the Petition, Verizon Wireless will provide (i) a listing of the issues between the Parties that remain unresolved; (ii) a summary of what Verizon Wireless understands to be each Party's position with respect to each issue (where known), including, where applicable, a statement of the last offer made by each Party; and, (iii) a statement for each issue describing the legal and/or factual basis supporting Verizon Wireless' proposed resolution of that issue and the conditions necessary to achieve the proposed resolution.

13. Text appearing in strike-through language in Exhibit D is text that Verizon Wireless has proposed deleting from SBC's standard template contract for Wireless Carriers or SBC's final offer contract. Text that is underlined represents language proposed by Verizon Wireless for various sections of the contract to which SBC has not

yet agreed. All unchanged text originated with SBC's final offer, attached hereto as Exhibit E.. Therefore, Verizon Wireless is under the assumption that this unchanged text, in Exhibit D, is acceptable to SBC.

15. With each issue below, Verizon Wireless has provided the applicable section number of Exhibit D affected by the unresolved issue.

16. Though the Parties have reached agreement on numerous issues, *See supra* ¶ 8, the parties have been unable to reach a binding agreement through negotiations under Section 252(a)(1) of the 1996 Act with respect to the following issues, which are discussed in detail infra:

1. Restriction on Interconnection at Technically Feasible Points;
   A. Direct Trunking;
   B. Forced Limitation on Trunking;
   C. Refusal to Accept the First Report and Order Definition for Points of Interconnection;
2. Denial of the Ability to Invoice Interexchange Carriers for Jointly Provided Switched Access;
3. Denial of Reciprocal Compensation for Essential Components of Interconnection;
4. Non-Symmetrical Reciprocal Compensation;
5. Statement of InterMTA Traffic;
6. Denial of Netting;
7. Imposition of Different Standards for CMRS Carriers as Applied to CLECs for the Same Functions.

8. Refusal to Share Costs of Mutually Beneficial Facilities;

9. Forced Imposition of 9-1-1 Terms and Conditions;

10. Failure to Charge Forward-Looking Rates for Transiting; and,

11. Failure to Agree to Performance Standards.

ISSUE 1. RESTRICTION ON INTERCONNECTION AT TECHNICALLY FEASIBLE POINTS

A. DIRECT TRUNKING.

Sections of Interconnection Agreement Affected:
5.4.4

Summary of Issue in Dispute: SBC seeks to place unilateral and unreasonable restrictions on Verizon Wireless' ability to interconnect at technically feasible points.

Verizon Wireless' Position: Verizon Wireless has continually expressed its desire to interconnect at SBC's tandems or end offices in the manner which Verizon Wireless considers to be the most economical and efficient. SBC refuses to sign a local interconnection agreement with Verizon Wireless unless Verizon Wireless agrees to trunk direct to any SBC end office once the traffic reaches 500 Centum Call Seconds (CCS) from the entire Verizon Wireless network during the busy hour.

SBC's position: SBC states its tandems are in a state of exhaust and it cannot accommodate additional connectivity at its tandems. SBC contends that such offloading allows SBC to provide service for its ratepayers without the need to invest in additional tandems.

Proposed Resolution: Verizon Wireless has been unable to reach agreement with SBC to access any technically feasible point in SBC's network for local interconnection as required by 47 USC § 251(c)(2)(B) and 47 CFR §§ 51.305, 51.307. SBC seeks to impose unilateral conditions on Verizon Wireless that would force Verizon Wireless to interconnect at "less convenient or efficient interconnection points." Re: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, FCC 96-325, 11 FCCR 15,499, Rel. Aug 8. 1996, ("First Report and Order") ¶209. When a wireless carrier selects the tandem as its point of interconnection, it does so realizing that it has the alternative of direct trunking to any, or all, end offices instead of going through the tandem. When deciding where to interconnect, the wireless carrier must decide whether it is more economical and efficient to use the tandem and common transport or build routing tables for a specific end office and purchase dedicated facilities to that end office.

In the First Report and Order, the FCC stated that "Section 251 (c) (2) [of the Act] gives competing carriers the right to deliver traffic terminating on an incumbent LEC's network at any technically feasible point on that network, rather than obligating such carriers to transport traffic to less convenient or efficient interconnection points." First Report and Order, ¶209. The FCC has defined a "technical feasibility" in 47 CFR 51.5 as follows:

> Interconnection, access to unbundled network elements, collocation, and other methods of achieving interconnection or access to unbundled network elements at a point in the network shall be deemed technically feasible absent technical or operational concerns that prevent the fulfillment of a request by a telecommunications carrier for such interconnection, access, or methods. A determination of technical

> feasibility does not include consideration of economic, accounting, billing, space, or site concerns, except that space and site concerns may be considered in circumstances where there is no possibility of expanding the space available. The fact that an incumbent LEC must modify its facilities or equipment to respond to such request does not determine whether satisfying such request is technically feasible. An incumbent LEC that claims that it cannot satisfy such request because of adverse network reliability impacts must prove to the state commission by clear and convincing evidence that such interconnection, access, or methods would result in specific and significant adverse network reliability impacts.

SBC cannot show that its unilateral and unreasonable request meets the requirements of 47 CFR 51.5. It has not demonstrated by clear and convincing evidence that the restrictions it proposes are necessary to avoid "specific and significant adverse network reliability impacts." SBC has not demonstrated that it is technically infeasible to permit Verizon Wireless to interconnect at SBC's tandems absent the 500 CCS restriction. SBC has claimed that unless Verizon Wireless agrees to trunk directly to any SBC end office once the traffic reaches 500 CCS from the entire Verizon Wireless network during the busy hour, it would result in unacceptable congestion at its tandems. Under the terms of the existing interconnection agreements between the parties, Verizon Wireless is already trunking to all of SBC's tandems and some of its end offices when it is efficient.

SBC's position here is inconsistent with what it has actually done in other states. SBC has invested in additional tandems to address this problem in other regions. For example, in its Pacific Bell region SBC has also experienced tandem exhaust and has deployed new tandems to address the problem. In the last four years, SBC has deployed (or converted existing TOPS switches) for a net gain of at least 6 tandems in the Pacific Bell Region. SBC is working cooperatively with the industry to spread traffic among the new tandems in the Pacific Bell Region. The existing Verizon Wireless contract with SBC for the Pacific Bell Region, signed in the year 2000, has no such requirements for direct trunking to end offices, nor does the existing contract in place with Ameritech in Illinois. In fact, the SBC contract for the Pacific Bell region offers wireless carriers the option, for a minimally higher rate, of connecting to a single tandem for the entire LATA.

The identical parties to this Arbitration, Verizon Wireless (f/k/a AirTouch Cellular) and SBC (f/k/a/ Ameritech) arbitrated this issue in Michigan in 1999[4]. The Michigan Public Service Commission ruled in Re: Application of AirTouch Cellular, Inc. for Arbitration of Interconnection Terms, Conditions, and Prices from Ameritech Michigan, MPSC Case No. U-11793, Aug. 17, 1999, p 13 ("AirTouch Michigan Arbitration"), that

> the Commission recognizes that permitting traffic volumes to exceed 700 CCS may exhaust a tandem switch's capacity and necessitate the construction of additional switches. Nevertheless, it concludes that forcing AirTouch to use uneconomic connections and thus incur unnecessary expenses (by restricting AirTouch's choice) is a less acceptable alternative than encouraging Ameritech Michigan to make needed investment in its network (by ensuring AirTouch's access to the level of choice envisioned by the FCC).

The Michigan Commission ruled in identical fashions in Re: Application of CenturyTel Wireless and Thumb Cellular for Arbitration of Interconnection Terms, Conditions, and Prices from Ameritech Michigan, MPSC Case No. U-11989, Sept. 14, 1999, p. 10 ("CenturyTel Michigan Arbitration") and .Re: Application of AT&T Communications of Michigan, Inc. for arbitration of interconnection rates, terms, and

[4] In that arbitration, during negotiations SBC originally proposed a 500 CCS threshold. In its response to Verizon Wireless' petition, SBC revised the threshold to 700 CCS.

conditions and related) arrangements with Ameritech Michigan pursuant to 47 USC 252(b), MPSC Case No. U-12465, Nov. 20, 2000. p 19.

SBC cannot demonstrate that the conditions it proposes to place on Verizon Wireless are essential to avoid the harmful consequences contemplated by the rule. The Commission should therefore find that the unilateral and unreasonable restrictions that SBC proposes to place on the points at which Verizon Wireless may interconnect are unreasonable and therefore unlawful.

ISSUE 1. RESTRICTION ON INTERCONNECTION AT TECHNICALLY FEASIBLE POINTS

B. FORCED LIMITATION ON TRUNKING

Sections of Interconnection Agreement Affected:
2.1.6

Summary of Issue in Dispute: SBC refuses to accept responsibility for Local Interconnection facilities beyond 30 miles.

Verizon Wireless' Position: Verizon Wireless believes that SBC's unilateral and arbitrary refusal to bear the costs of facilities beyond 30 miles is unreasonable. Verizon Wireless believes each party is responsible to provide its own facilities for its own originating local interconnection traffic. Verizon Wireless is not opposed to mutually agreeable two-way trunking, but such mutually agreeable trunking should not be subject to the arbitrary limit that SBC suggests.

SBC's Position: SBC states that 30 miles is a "reasonable figure" for interconnection and that SBC is not responsible for the cost of one-way trunk facilities that exceed that figure, nor will it share in the portion of the cost of two-way facilities that exceed 30 miles distance.

Proposed Resolution: The Commission, consistent with its prior ruling in Re: Petition of Focal Communications Corporation of Illinois for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Illinois Bell Telephone Company, d/b/a Ameritech Illinois, ICC Docket No. 00-0027, May 8, 2000 ("Focal Arbitration"), should rule for Verizon Wireless.

In Focal Arbitration, SBC proposed requiring Focal to establish a point of interconnection within 15 miles of the rate center for any NXX code that Focal uses to provide foreign exchange service. SBC argued that it would be subsidizing Focal with free interexchange transport if it was required to trunk over greater distances. The Commission rejected SBC's argument stating:

> The Commission concludes that Focal should not be required to establish a POI within 15 miles of the rate center for any NXX code that Focal uses to provide FXX service. If such a requirement were adopted, Focal could be required to construct or lease interconnection facilities, regardless of whether the interconnection was warranted by overall traffic volumes. Ameritech's proposal is not required by federal or state law. The Commission does not accept the "free ride" argument of Ameritech for the reasons provided by Focal. Focal Arbitration.

SBC cannot substantiate its position that it should not have to pay for interconnection over a certain (arbitrary) distance. In fact, 47 CFR § 51.5079 (a) states that "element rates shall be structured consistently with the manner in which the costs of providing the elements are incurred." 47 CFR § 51.5079(c) states that "[t]he costs of shared facilities shall be recovered in a manner that efficiently apportions costs among users. Costs of shared facilities may be apportioned either through usage-sensitive charges or capacity-based, flat-rated charges, if the state commission finds that such rates reasonably reflect the costs imposed by the various users." SBC's unilateral and arbitrary mileage limitation is not supported by these provisions.

Verizon Wireless expects that SBC would object vigorously if Verizon Wireless were to order Local Interconnection facilities from SBC and refuse to pay for anything over 30 miles, or if Verizon Wireless refused to pay for any Common Transport over 30 miles. Thus, SBC's request for a 30 mile limitation should be rejected.

ISSUE 1. RESTRICTION ON INTERCONNECTION AT TECHNICALLY FEASIBLE POINTS

C. REFUSAL TO ACCEPT THE FCC'S DEFINITION FOR POINT OF INTERCONNECTION

Sections of Interconnection Agreement Affected:

2.1.1
2.1.6
2.1.7
2.1.7.1
2.1.7.2
2.1.7.3
2.1.7.4
2.1.7.5
2.1.7.6
2.1.7.7

<u>Summary of Issue in Dispute</u>: Should the location of points of interconnection be restricted to those mutually agreed to by the parties, or does Verizon Wireless have a statutory right to connect at any technically feasible point, as specified in the Code of Federal Regulations.

Verizon Wireless' Position: Pursuant to the statutory right granted by 47 U.S.C. § 251(2)(c)(B), Verizon Wireless may interconnect at any technically feasible location as specified in 47 CFR § 51.305. SBC may not unilaterally refuse requests for interconnection at technically feasible points by withholding mutual agreement.

SBC's Position: The Parties must mutually agree upon each Point of Interconnection ("POI").

Proposed Resolution: As noted above, the Commission should follow the explicit findings of the FCC in 47 CFR § 51.5, in which the FCC defines "technically feasible" as:

> Interconnection, access to unbundled network elements, collocation, and other methods of achieving interconnection or access to unbundled network elements at a point in the network shall be deemed technically feasible absent technical or operational concerns that prevent the fulfillment of a request by a telecommunications carrier for such interconnection, access, or methods. A determination of technical feasibility does not include consideration of economic, accounting, billing, space, or site concerns, except that space and site concerns may be considered in circumstances where there is no possibility of expanding the space available. The fact that an incumbent LEC must modify its facilities or equipment to respond to such request does not determine whether satisfying such request is technically feasible. An incumbent LEC that claims that it cannot satisfy such request because of adverse network reliability impacts must prove to the state commission by clear and convincing evidence that such interconnection, access, or methods would result in specific and significant adverse network reliability impacts.

Congress specifically granted wireless the right to interconnection at any technically feasible point. 47 U.S.C. § 251(2)(c)(B). This right was not restricted or limited to those points that the incumbent LEC finds agreeable. To further clarify what points might be considered technically feasible, the FCC specified in 47 C.F.R. § 51.305 a minimum of six points it considered technically feasible.

> (a) An incumbent LEC shall provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the incumbent LEC's network:
>
> (1) For the transmission and routing of telephone exchange traffic, exchange access traffic, or both;
>
> (2) At any technically feasible point within the incumbent LEC's network including, at a minimum:
>
> (i) The line-side of a local switch;
>
> (ii) The trunk-side of a local switch;
>
> (ii) The trunk interconnection points for a tandem switch;
>
> (v) Central office cross-connect points;
>
> (vi) Out-of-band signaling transfer points necessary to exchange traffic at these points and access call-related databases; and
>
> (vi) The points of access to unbundled network elements as described in § 51.319; 47 C.F.R. § 51.305.

SBC may not limit nor impose restrictions on what has been considered by this Commission and by the FCC as technically feasible points of interconnection. Verizon Wireless' proposed contract language on this issue should be accepted.

ISSUE 2. DENIAL OF THE ABILITY TO INVOICE INTEREXCHANGE CARRIERS FOR JOINTLY PROVIDED SWITCHED ACCESS.

Sections of Interconnection Agreement Affected:

1.53
4.4
11.2.4

Summary of Issue: Each party has agreed to the exchange of traffic between Verizon Wireless' network and SBC's network for Switched Access Service to Interexchange Carriers ("IXCs"), thus enabling Verizon Wireless customers to access IXCs for the transmission and routing of interMTA and interLATA calls. However, the

Parties have been unable to agree on how and if Verizon Wireless can bill access service rates to the IXCs.

Verizon Wireless' Position: Verizon Wireless would like to incorporate the procedures described in the Multiple Exchange Carrier Access Billing ("MECAB") document SR-BDS-000983, Issue 5, June 1994. These procedures require the Parties to provide to each other Switched Access Detail Usage Data and Switched Access Summary Usage Data to allow the preparation of invoices for switched access services.

SBC's Position: SBC would neither object nor agree to Verizon Wireless' proposal. As of the filing of this Petition, SBC had not yet communicated to Verizon Wireless whether or not this provision was acceptable to SBC management.

Proposed Solution: Verizon Wireless would like to invoice IXCs for services rendered by Verizon Wireless. These costs would be passed directly from Verizon Wireless to the IXCs without SBC's involvement once Verizon Wireless receives proper reports allowing it to issue such invoices. The language proposed by Verizon Wireless has been used by Sprint Spectrum L.P. in several of its Interconnection Agreements around the country, most recently in a Michigan Agreement approved by the Michigan Public Service Commission on December 20, 2000.[5] Verizon Wireless' proposed

[5] Re: Request For Commission Approval of an Interconnection Agreement Arrived at Through Voluntary Negotiation Between CenturyTel and Sprint Spectrum L.P., MPSC Case No. U-12727, Dec. 20, 2000.

language is just and reasonable and would place no unnecessary burdens on SBC and should be adopted.

ISSUE 3. DENIAL OF RECIPROCAL COMPENSATION FOR ESSENTIAL COMPONENTS OF INTERCONNECTION.

Sections of Interconnection Agreement Affected:

3.1
3.2
Appendix - SS7 (Wireless)
Appendix – Pricing (Wireless)

Summary of Issue: The issue is whether the Signal Transfer Point ("STP") is a technically feasible point for interconnection and, if so, whether reciprocal compensation is due for signaling.

Verizon Wireless Position: Verizon Wireless contends that signaling is an essential part of interconnection. As such, Verizon Wireless has a statutory right to order local interconnection at SBC's STPs. Interconnection at "[o]ut-of-band signaling transfer points necessary to exchange traffic at these points and access call-related databases" is one of the six examples of technically feasible points for interconnection cited by the FCC in the First Report and Order, ¶¶ 26, 212 and in 47 C.F.R. 51.305. Pursuant to 47 U.S.C. § 251(b)(5), SBC has an affirmative "duty to establish reciprocal compensation arrangements for the transport and termination of telecommunications." Where SBC charges for mobile-to-land traffic, Verizon Wireless should be entitled to collect reciprocal compensation for symmetrical land-to-mobile signaling pursuant to 47 C.F.R. §§ 51.509, 51.711.

SBC's Position: During the course of negotiations, SBC verbally acknowledged that STPs are technically feasible points for local interconnection. However, SBC refuses to consider the signaling messages as anything other than a for-fee service provided to wireless and competitive carriers that is not subject to reciprocal compensation. SBC refuses to acknowledge the essential interconnection service that Verizon Wireless performs for it in terminating its signaling messages. SBC also contends that access to its out-of-band signaling network (SS7) gives Verizon Wireless access to functions other than just call set-up, such as various databases, and such access therefore disqualifies Verizon Wireless from receiving reciprocal compensation.

Proposed Resolution: The Commission should follow the explicit guidelines and rules established by the FCC as set forth in the First Report and Order and C.F.R. In the First Report and Order, ¶26, the FCC states:

> Section 251(c)(2) requires incumbent LECs to provide interconnection to any requesting telecommunications carrier at any technically feasible point. The interconnection must be at least equal in quality to that provided by the incumbent LEC to itself or its affiliates, and must be provided on rates, terms, and conditions that are just, reasonable, and nondiscriminatory. The Commission concludes that the term "interconnection" under section 251(c)(2) refers only to the physical linking of two networks for the mutual exchange of traffic. The Commission identifies a minimum set of five "technically feasible" points at which incumbent LECs must provide interconnection: (1) the line side of a local switch (for example, at the main distribution frame); (2) the trunk side of a local switch; (3) the trunk interconnection points for a tandem switch; (4) central office cross-connect points; and (5) out-of-band signalling facilities, such as signalling transfer points, necessary to exchange traffic and access call-related databases. In addition, the points of access to unbundled elements (discussed below) are also technically feasible points of interconnection. The Commission finds that telecommunications carriers may request interconnection under section

> 251(c)(2) to provide telephone exchange or exchange access service, or both. If the request is for such purpose, the incumbent LEC must provide interconnection in accordance with section 251(c)(2) and the Commission's rules thereunder to any telecommunications carrier, including interexchange carriers and commercial mobile radio service (CMRS) providers. First Report and Order, ¶26.

The FCC additionally identifies out-of-band signaling transfer points as among the minimal list of technically feasible interconnection points in First Report and Order, ¶ 212 and in 47 CFR § 51.305.

> (a) An incumbent LEC shall provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the incumbent LEC's network:
>
> (1) For the transmission and routing of telephone exchange traffic, exchange access traffic, or both;
>
> (2) At any technically feasible point within the incumbent LEC's network including, at a minimum:
>
> (i) The line-side of a local switch;
>
> (ii) The trunk-side of a local switch;
>
> (ii) The trunk interconnection points for a tandem switch;
>
> (v) Central office cross-connect points;
>
> (vi) **Out-of-band signaling transfer points necessary to exchange traffic at these points and access call-related databases**; and
>
> (vi) The points of access to unbundled network elements as described in § 51.319. 47 C.F.R. § 51.305 (emphasis added).

Pursuant to the First Report and Order and Code of Federal Regulations, the Commission should adopt Verizon Wireless' position, which identifies out-of-band signaling transfer points as technically feasible points of local interconnection.

Because signaling is, in fact, an essential component of local interconnection, it is subject to the FCC's rules on reciprocal compensation. The FCC, in 47 C.F.R. § 51.509 establishes guidelines for the rates to be charged for specific interconnection elements. The FCC includes in these rate structures:

> Signaling and call-related database services. Signaling and call-related database service costs shall be usage-sensitive, based on either the number of queries or the number of messages, with the exception of the dedicated

> circuits known as signaling links, the cost of which shall be recovered through flat-rated charges. 47 C.F.R. § 51.509(f).

Because SBC assesses Verizon Wireless usage charges, pursuant to 47 C.F.R. § 51.509 Rule 51.711, for the termination, switching, and transport of interconnection signaling messages for mobile-to-land traffic terminating on the SBC network, Verizon Wireless should be entitled to reciprocal compensation for termination, switching, and transport of interconnection signaling messages in the land-to-mobile direction pursuant to 47 C.F.R. § 51.711(a)(1). 47 C.F.R. § 51.711(a)(1) provides that "for purposes of this subpart, symmetrical rates are rates that a carrier other than an incumbent LEC assesses upon an incumbent LEC for transport and termination of local telecommunications traffic equal to those that the incumbent LEC assesses upon the other carrier for the same services."

Verizon Wireless performs the same functions for SBC, terminating SS7 messages, that SBC performs for Verizon Wireless in the opposite direction. Verizon Wireless is entitled under Rule 51.711 to symmetrical compensation for terminating SBC's signaling messages for land-to-mobile traffic. While SBC has claimed that access to its SS7 network gives Verizon Wireless access to services, such as databases, which go beyond interconnection signaling, Verizon Wireless does not use SBC's database services to set-up calls, although such use is clearly authorized by the First Report and Order.

In the AirTouch Michigan Arbitration, the Michigan Commission ruled in favor of Verizon Wireless under virtually identical circumstances. The Michigan Commission granted Verizon Wireless' request for interconnection agreement language regarding reciprocal compensation for SS7, see Exhibit F, attached hereto, and ruled:

> The Commission further finds that, as asserted by AirTouch and recognized by the panel, signaling is part of interconnection and therefore should not be viewed solely as a separate access service. As stated by Mr. Clampitt, "simply interconnecting the two networks does not allow anything to happen unless you're able to signal between switches" because "without signaling, a switch cannot transfer a call outside of itself." AirTouch Michigan Arbitration, pp. 11-12 (citations to record omitted).

Verizon Wireless proposes that the Commission find that SS7 signaling be subject to symmetrical reciprocal compensation at the rates set forth by SBC's Illinois Bell Telephone Company Tariff Ill. C.C. No. 20, Part 19 – Unbundled Network Elements and Number Portability, Section 9 – Access to SS7[6], attached hereto as Exhibit G, and adopt the Verizon Wireless position and language with respect to this issue.

ISSUE 4. NON-SYMMETRICAL RECIPROCAL COMPENSATION.

Sections of Interconnection Agreement Affected:
1.64

Summary of Issue: Should SBC pay Verizon Wireless a truly reciprocal compensation rate at the tandem rate SBC is charging Verizon Wireless.

Verizon Wireless' Position: Verizon Wireless believes it is entitled to collect reciprocal compensation from SBC for land-to-mobile traffic that is symmetrical to the tandem rate charged to Verizon Wireless by SBC for mobile-to-land traffic, pursuant to

[6] This Tariff contains cost based rates approved by the Commission pursuant to Re: the Commission's Investigation Into Forward Looking Cost Studies and Rates of Ameritech Illinois for Interconnection, Network Elements, Transport and Termination of Traffic; Illinois Bell Telephone Company Proposed Rates, Terms and Conditions for Unbundled Network Elements, ICC Docket Nos. 96-0486, 96-0569, February 17, 1998 (Second Interim Order), April 6, 1998 (Final Order) ("Ameritech Cost Docket").

the Geographic Test established in the First Report and Order, ¶1090 and 47 CFR 51.711(a)(3).

SBC's Position: SBC believes that Verizon Wireless' Mobile Telephone Switching Offices ("MTSOs") are not the equivalent of SBC's tandems. SBC believes it should only compensate Verizon Wireless at a rate that is symmetrical to the rate for the switch type connected directly to the Verizon Wireless network (tandem rate for calls handed to Verizon Wireless via a SBC tandem and at an end office rate for calls handed to Verizon Wireless via an end office). SBC does not agree that Verizon Wireless meets the standards for tandem equivalency established by the FCC.

Proposed Resolution: A similar issue was placed before this Commission in the Focal Arbitration. As the Commission did in the Focal Arbitration, the Commission should follow the guidelines established in the FCC's First Report and Order, ¶1090, and determine that Verizon Wireless' MTSOs cover a geographic area comperable to that served by SBC's tandem switches for the purpose of establishing a rate for reciprocal compensation. In the First Report and Order, the FCC found:

> We, therefore, conclude that states may establish transport and termination rates in the arbitration process that vary according to whether the traffic is routed through a tandem switch or directly to the end-office switch. In such event, states shall also consider whether new technologies *(e.g.*, fiber ring or wireless networks) perform functions similar to those performed by an incumbent LEC's tandem switch and thus, whether some or all calls terminating on the new entrant's network should be priced the same as the sum of transport and termination via the incumbent LEC's tandem switch. Where the interconnecting carrier's switch serves a geographic area comparable to that served by the incumbent LEC's tandem switch, the appropriate proxy for the interconnecting carrier's additional costs is the LEC tandem interconnection rate. First Report and Order, ¶1090.

This "geographic area" test is also contained in 47 CFR § 51.711(a)(3), which states:

> (a) Rates for transport and termination of local telecommunications traffic shall be symmetrical . . . Where the switch of a carrier other than an incumbent LEC serves a geographic area comparable to the area served by the incumbent LEC's tandem switch, the appropriate rate for the carrier other than an incumbent LEC is the incumbent LEC's tandem interconnection rate.

Verizon Wireless' MTSOs serves a geographic area comparable to the area served by SBC in Illinois. Attached hereto, as Exhibit I, is a MSA/RSA map of where Verizon Wireless has frequency spectrum licenses for the contracts being negotiated and where its MTSOs are located. This map demonstrates that the geography covered by the 6 Verizon Wireless MTSOs is more than equal to the geographic area covered by SBC's tandem switches in Illinois. In fact, Verizon Wireless' MTSOs covers a larger geographic area in the same MSA/RSAs than SBC's tandems because Verizon Wireless' switches also cover areas in which independent and rural local exchange carriers are the incumbent carriers.

In negotiations, SBC has claimed that Verizon Wireless must also demonstrate that its MTSOs "perform functions similar to those performed by an incumbent LEC's tandem switch," pursuant to the First Report and Order, ¶1090. However, such an argument by SBC fails to address the fact that 47 CFR § 51.711, in addressing symmetrical compensation does not require any test of functionality. The First Report and Order mentions functional equivalency because it addresses circumstances where Commissions must "establish transport and termination rates in the arbitration process that vary according to whether the traffic is routed through a tandem switch or directly to the end-office switch." Where such rates would vary, the level of functionally of the requesting carrier's switches would be at issue. However, such variation should not be at issue in the present proceeding because Verizon Wireless' MTSOs serves a comparable geographic coverage to that of SBC's tandems and thus Verizon Wireless is entitled to symmetrical reciprocal compensation at the tandem rate.

If this Commission chooses to examine whether or not Verizon Wireless' MTSOs "perform functions similar to those performed by an incumbent LEC's tandem switch," an examination of the typical process of a land-to-mobile call demonstrates how the MTSO performs similar functions to that of SBC's tandem switches. When SBC identifies a call to a Verizon Wireless customer, it routes that call to an SBC tandem office in which Verizon Wireless has a point of interconnection. Verizon Wireless has points of interconnection in each of the SBC LATA's served in the state of Illinois. Verizon Wireless and not SBC then carries this traffic over company-owned or leased digital trunk facilities to the Verizon Wireless MTSO. The MTSO, using a Home Location Register, determines if the cellular end user is powered on and able to receive calls, and their approximate location in the network. The call is routed to the MTSO connected to the appropriate Base Station Controller and cell sites in the general geography of the cellular customer. The Base Station Controller signals the cellular unit and determines the appropriate cell site based upon the strongest signal when the cellular unit responds to the incoming call signal. The Base Station Controller in conjunction with the cell site assigns a channel for the conversation. The cellular unit then rings alerting the customer of an incoming call. The Base Station Controller monitors the signal at the designated cell site and if the signal strength declines to a designated threshold, adjoining cell sites are commanded to measure the signal strength of that specific channel and a hand off will be made to the cell receiving the strongest signal.

Should the mobile call move out of the range of cells controlled by the original Base Station Controller, the call will be transferred back through the MTSO to another Base Station Controller associated with the cell receiving the strongest signal. Should the end user move out of range of cells and Base Station Controllers associated with the original terminating MTSO, the call will be transferred between MTSOs connected with Base Station Controllers and sites receiving the strongest signal. It is possible to utilize many cell sites, multiple Base Station Controllers and have several MTSO connected on a single call. The level of complexity and functionality of the cellular network, and specifically the MTSO, more than equals that of a tandem and end office.

As the Michigan Commission found, in determining that Verizon Wireless' MTSOs perform similar functions to SBC's tandems:

> Information submitted by the parties supports AirTouch's claim that its MSCs and MTSOs function in a manner that is similar to, and possibly better than, Ameritech Michigan's facilities. For example, it was noted that "interconnection at one AirTouch MSC allows [Ameritech Michigan] access to AirTouch's entire network." In contrast, interconnection at one of Ameritech Michigan's tandem switches "is limited to access to the end offices that reside behind that specific tandem" and interconnection at an Ameritech Michigan end office "is limited to the NXXs that reside on it." As for geographic area served, the record indicates that (due to its use of wireless technology) AirTouch's coverage is "continuous" within each county where one of its MSCs or MTSOs provide service, whereas each of Ameritech Michigan's tandem switches generally serves scattered exchanges. AirTouch Michigan Arbitration, p 9.

Despite the fact that a CMRS voice network is significantly more complex than a paging network, the FCC, in TSR Wireless, LLC v. U S West Communications, Inc., 15 FCCR 11166 (2000), ("TSR Wireless"), found that a paging facilities provide the functionality of a Tandem Switch.

> The Local Competition Order states that paging providers "transport," "switch," and "terminate" traffic. Moreover, our rules do not require that a

> carrier possess a particular switching technology as a prerequisite for obtaining reciprocal compensation. Section 51.701(d) defines termination as "the switching of local telecommunications traffic at the terminating carrier's end office switch, or equivalent facility, and delivery of such traffic to the called party's premise." By using the phrase "switch or equivalent facility," the rules contemplate that a carrier may employ a switching mechanism other than a traditional LEC switch to terminate calls. A paging terminal performs a termination function because it receives calls that originate on the LEC's network and transmits the calls from its terminal to the pager of the called party. This is the equivalent of what an end office switch does when it transmits a call to the telephone of the called party. To perform this function, the terminal first directs the page to an appropriate transmitter in the paging network, and then that transmitter delivers the page to the recipient's paging unit. The terminal and the network thus perform routing or switching and termination. Because a paging terminal performs switching functions akin to an end office switch, we find unpersuasive Defendants' argument that a paging terminal does not qualify as a "switch or equivalent facility" as defined by the Commission's rules. Consequently, we reject Defendants' argument that Complainants fall outside of our reciprocal compensation framework because paging terminals allegedly do not perform a switching function, and, therefore, do not constitute a "switch or equivalent facility" as defined in the Commission's rules. TSR Wireless, ¶22.

Though a detailed examination of the hierarchical nature of the wireless network would reveal that the MTSO's perform functions akin to a LEC's tandem, while the cell site controllers perform functions akin to the LEC's end-office, Verizon Wireless' network cannot be directly compared to that of SBC's old landline model for LEC functionality. The design of Verizon Wireless' more advanced wireless networks does not neatly fit into the outmoded historical model of LEC switching hierarchy. In today's advanced wireless networks, far more distributed, non-hierarchical switching architectures are in wide commercial deployment among dozens of LECs, and wireless and competitive carriers. This is true for both the wireline telecommunications industry as well as in the wireless industry, as this Commission found in its examination of Focal's network in the Focal Arbitration. Based on discussions held during negotiations, it would appear that SBC would insist that Verizon Wireless strictly duplicate SBC's landline horse and buggy switching model to be entitled to symmetrical reciprocal compensation.

The truest test of the FCC guideline for symmetrical compensation is geography. The FCC First Report and Order, ¶1090 states, in part, that "[w]here the interconnecting carrier's switch serves a geographic area comparable to that served by the incumbent LEC's tandem switch, the appropriate proxy for the interconnecting carrier's additional costs is the LEC tandem interconnection rate." If interconnecting local switch covers a geography equal in scope or size to that covered by the ILEC tandem serving area then compensation should be symmetrical.

This Commission should find that Verizon Wireless' MTSOs have a geographic coverage area equivalent to SBC's tandems in the state of Illinois. Thus, Verizon Wireless is entitled to symmetrical reciprocal compensation, as proposed by Verizon Wireless. If this Commission is of the opinion that Verizon Wireless' MTSOs must also "perform functions similar to those performed by an incumbent LEC's tandem switch," then this Commission should find that Verizon Wireless' MTSOs do perform functions similar to those performed by SBC's switch. This Commission should find that Verizon Wireless is entitled to symmetrical reciprocal compensation at the tandem rate and adopt the Interconnection Agreement language proposed by Verizon Wireless.

ISSUE 5. STATEMENT OF INTERMTA TRAFFIC.

Sections of Interconnection Agreement Affected:
11.3.2

Summary of Issue: How should the agreed upon percentage of interMTA traffic percentage be incorporated into the Interconnection Agreement?

Verizon Wireless' Position: Verizon Wireless believes the percentage of interMTA traffic from the Verizon Wireless network which has been agreed to in principle by the two parties (at 5%), pending written support by Verizon Wireless, should be reflected directly in the contract. Verizon Wireless is willing to include in the Interconnection Agreement language that recognizes the percentage of interMTA traffic may vary with each wireless network and is dependent upon several factors.

SBC's Position: SBC seeks to leave the default percentage (12%) in the Interconnection Agreement and include language that allows the parties to modify that percentage with a mutually agreed upon percentage to be included in an amendment to the contract. SBC believes this will prevent another wireless carrier from taking a Most Favored Nation ("MFN") option by adopting this Interconnection Agreement, pursuant to 47 U.S.C. 252(i), and obtaining the same percentage of interMTA traffic as Verizon Wireless.

Proposed Resolution: Verizon Wireless believes the Commission should rule in favor of the Verizon Wireless position as it is the most consistent with the intent of the

Act. The Act requires a state commission to reject an "agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement." 47 U.S.C. § 252(e)(2)(A)(i). Because Verizon Wireless and SBC have agreed on the interMTA percentage of 5%, allowing the Interconnection Agreement to state that an interMTA percentage of 12% has been agreed on and then amending the contract after adoption, would be a ruse designed to discriminate against other carriers who sought to adopt this Agreement. Further, because the amendment can not actually take place until the Interconnection contract has been approved, should SBC change its mind about the agreed upon percentage after the Interconnection agreement has been approved, Verizon Wireless will have no recourse and may have waived its right to arbitrate that issue pursuant to 47 U.S.C. § 252.

Verizon Wireless believes the language it proposes acknowledges SBC's concern that each geographic situation is unique and provides protection for SBC's position without jeopardizing Verizon Wireless' rights. Verizon Wireless also believes that local interconnection agreements should be public knowledge and should avoid any action with the LEC that could be construed as some sort of side agreement that was an attempt to circumvent the ability of other carriers to elect the agreement, or to shield terms and conditions of the full contract from the public.

ISSUE 6. DENIAL OF NETTING

Sections of Interconnection Agreement Affected:
10.4

Summary of Issue: Verizon Wireless and SBC are unable to agree on whether "netting" of amounts due shall be allowed.

Verizon Wireless' Position: Verizon Wireless believes that "netting" of amounts due should be allowed under common law.

SBC's Position: SBC believes that "netting" of amounts due should not be allowed.

Proposed Solution: There have been numerous disputes in the past between Verizon Wireless and SBC regarding various aspects of and interpretation of existing interconnection agreements both in Illinois and elsewhere. These disputes have, at times, taken months to resolve. Under common law, either party would have a right to set-off amounts it claims are due to it against amounts it owes to the other party. SBC proposes including language in the Interconnection Agreement waiving this right of set-off. Verizon Wireless believes that, based upon past experience, such a self-help mechanism will more quickly focus attention on any dispute and lead to more prompt resolution.

Illinois Courts and this Commission have repeatedly upheld the common-law right of setoff or netting. Where a party has not waived its common-law right of setoff, it has a right to use funds owed the other party as setoff against the other party's obligations. As the Appellate Court of Illinois noted in Selby v. Duquion State Bank, 223 Ill. App. 3d 104; 584 N.E.2d 1055 (1991) regarding the common law practice of netting in banking,

> The common law right of set off provides that a Bank may apply its depositor's account for a debt he owes to the bank. (First National Bank v. Lewis (1989), 186 Ill.App.3d 16, 19, 542 N.E.2d 124, 126, citing Kerner v. Kinsey (1943), 384 Ill. 180, 51 N.E.2d 126; International Bank v. Jones (1887) 119 Ill. 407, 9 N.E. 885; First National Bank v. Estate of Philp (1982), 106 Ill.App.3d 360, 436 N.E.2d 15.) Under common law a bank has the power to apply the deposit to the payment of such depositor's indebtedness only when there are mutual demands and debts between the parties and this right of setoff arises at the time the depositor's indebtedness to the bank has matured. Bonhiver v. State Bank (1975), 29 Ill.App.3d 794, 803-04, 331 N.E.2d 390, 398. Selby 107, 1057.

The Commission has recognized setoff as appropriate when applied against utility recoveries in cost recovery reconciliation proceedings. See Petition of Consumers Illinois Water Company Petition for Authority to Issue and Sell $ 4,000,000 of Common Stock and Issue or Incur not to Exceed $ 10,000,000 of indebtedness, ICC Docket No. 98-0032, Apr. 8, 1998; Illinois Commerce Commission v. America's Tele-Network Corp., ICC Docket Nos. 96-0506; 96-0507; 96-0508, Nov. 5, 1997.

Allowing for the netting or setoff of amounts due would more quickly focus attention on disputes and lead to an expeditious resolution of the dispute pursuant to the dispute resolution procedures outlined in the proposed Interconnection Agreement, that have been agreed to by both parties.

SBC erroneously has argued that netting would create the potential for complication and escalation of the dispute. Yet SBC, as the dominant Incumbent Local Exchange Carrier in Verizon Wireless' Illinois territory, will possess a grave inequity in terms of money going one way and versus the other because of the amount of traffic.

Under reciprocal compensation, money will tend to flow to where calls are terminated. Most people make calls from their cellular phone as opposed to receiving most of their calls on their cellular phone, so the money would terminate at SBC. Therefore most of the money under this contract will be flowing in one direction, to SBC. Because Verizon Wireless will generally owe SBC more than SBC will owe Verizon Wireless, by drawing the disputes out through a prolonged process SBC may be able to successfully disrupt Verizon Wireless' cash flow and obtain an advantage in the dispute resolution process. Netting would allow and would provide the incentive for both parties to quickly resolve any disputes.

There have been numerous disputes regarding payments that have been subject to this prolonged process. An example of this was between SBC's Ameritech Ohio Region and Verizon Wireless f/k/a AirTouch. [F]rom November of '96 until May of '98 SBC, did not pay Verizon Wireless for reciprocal compensation. SBC's debt to Verizon Wireless amounted to about $1 million, which represented 25 percent of the total of money being exchanged between the parties, and netting this amount would have allowed Verizon Wireless to control its own finances.

Identical language was arbitrated in the AirTouch Michigan Arbitration. In that proceeding, the Michigan Commission agreed with Verizon Wireless and rejected SBC's language prohibiting netting. This Commission should do the same and find that netting is a common law remedy that should be allowed to help focus and bring to resolution any monetary disputes between the parties.

ISSUE 7. IMPOSITION OF DIFFERENT STANDARDS FOR CMRS CARRIERS AS THOSE APPLIED TO CLECs FOR THE SAME FUNCTIONS.

Sections of Interconnection Agreement Affected:
Appendix – Pricing (Wireless)

Summary of Issue: Should Common Transport Mileage be applied consistently across all types of interconnection carriers and that it should reflect actual costs as closely as possible?

Verizon Wireless' Position: Verizon Wireless believes Common Transport Mileage should be applied consistently across all types of interconnection carriers and that it should reflect actual costs as closely as possible. SBC charges Competitive Local Exchange Carriers the Common Transport rate element based on actual mileage from the SBC tandem to the terminating SBC end office on a per mile, per minute-of-use basis. On the other hand, SBC charges CMRS providers a tandem rate that includes a flat per minute rate that equals 23 miles worth of mileage for each call regardless of the actual mileage of the call. Verizon Wireless is convinced this methodology causes significant over-billing to Verizon Wireless and has documentation from another SBC state to substantiate that claim.

SBC Position: SBC contends it does not have the capability to calculate actual mileage for CMRS providers and that it does not believe most of them want it anyway. SBC further states that 23 miles seems to be a "reasonable figure" to use.

Proposed Resolution: This Commission should follow 47 CFR § 51.503 in making its determination that SBC should not be permitted to discriminate against CMRS carriers in relation to CLECs. 47 CFR § 51.503 provides that "[a]n incumbent LEC shall offer elements to requesting telecommunications carriers at rates, terms, and conditions that are just, reasonable, and nondiscriminatory" and that "[t]he rates that an incumbent LEC assesses for elements shall not vary on the basis of the class of customers served by the requesting carrier, or on the type of services that the requesting carrier purchasing such elements uses them to provide." The FCC adopted this language to implement Section 202 of the Act, 47 U.S.C. § 202. Section 202 provides:

> It shall be unlawful for any common carrier to make any unjust or unreasonable discrimination in charges, practices, classifications, regulations, facilities, or services for or in connection with like communication service, directly or indirectly, by any means or device, or to make or give any undue or unreasonable preference or advantage to any particular person, class of persons, or locality, or to subject any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage. 47 U.S.C. § 202.

This issue was arbitrated in the AirTouch Michigan Arbitration. In that proceeding, the Michigan Commission found in favor of Verizon Wireless' language. As a result of paying actual mileage instead of the imputed 25 mile average charged to CMRS providers in Michigan, Verizon Wireless subsequently experienced a large reduction in Common Transport charges. Verizon Wireless considers the actual average mileage figures in Michigan to be proprietary information, but is willing to provide to the Illinois Commission under an appropriate Protective Order.

Under the law, the Commission should rule in the favor of Verizon Wireless and order SBC to charge the same rates (actual mileage for Common Transport) for CLECs who provide service to land line customers and CMRS providers who provide service to mobile wireless customers. Any contention by SBC that they cannot bill actual mileage to CMRS providers is without merit, because they already do it for CLECs and also bill actual mileage for IXC Switched Access calls.

ISSUE 8. REFUSAL TO SHARE COSTS OF MUTUALLY BENEFICAL FACILITIES.

Sections of Interconnection Agreement Affected:

5.2.1
5.3.3
5.3.5
9.3.1
9.3.2
9.3.3
9.3.4
9.3.5
Appendix Pricing - Wireless

Summary of Issue: Where Verizon Wireless provides dedicated facilities used to carry joint-use traffic between SBC and Verizon Wireless, should Verizon Wireless be allowed to charge SBC for its proportional share of the use of those facilities and at what rate?

Verizon Wireless' Position: Verizon Wireless has proposed to charge SBC the average rate SBC charges Verizon Wireless for DS1 facilities. These facilities are comprised of a combination of leased high-speed facilities and tariffed services carrying joint-use traffic between SBC and Verizon Wireless. Verizon Wireless' proposed language offers SBC the option of paying a monthly rate for dedicated facilities on a one-way basis, or for two-way facilities on an equivalent DS1 based upon 200,000 MOUs of land-to-mobile traffic equate to a DS1. For two-way facilities Verizon Wireless' proposed language offers the option of a monthly rate to be billed by Verizon Wireless for each 200,000 MOUs of land-to-mobile traffic or for SBC/Ameritech to pay an MOU additive to total the flat rate over 200,000 MOUs.

SBC's Position: SBC has acknowledged it should pay something to Verizon Wireless for the use of Verizon Wireless facilities, but it has failed to agree with the Verizon Wireless price methodology. SBC proposes to participate in a cost study of the Verizon Wireless network to arrive at some rate to be determined in the future.

Proposed Resolution: The Commission should adopt the pricing methodology proposed by Verizon Wireless. Verizon Wireless has shared its current average DS1 price for high speed facilities based upon an OC48 SONET contract from SBC that specifies the current DS1 fill of that facility and a proposed additive to cover tariffed DS1s to reach out from the SONET muliplexer to the tandem or end office switch. This is very close to what SBC requests, but does not obligate Verizon Wireless to participate in a cost study that it is exempt from doing so by law if it so chooses. SBC has expressed its desire to use Verizon Wireless facilities yet it does not agree to pay a reasonable price for that use. Verizon Wireless further proposes that should the two parties not agree, as is their right, that SBC move off the Verizon Wireless facilities within six months and pay Verizon Wireless their specified rate until SBC has established their own facilities. The proposed Verizon Wireless DS1 equivalent is consistent with the methodology specified in Rule 51.513 (c) (4) of 9,000 MOUs per voice grade circuit which equates to 216,000 MOUs per DS1.

ISSUE 9. FORCED IMPOSITION OF 9-1-1 TERMS AND CONDITIONS.

Sections of Interconnection Agreement Affected:

12.2
26.8
Appendix – 9-1-1

Summary of Issue: Should terms and conditions for the provision of 9-1-1 service be part of the Interconnection Agreement?

Verizon Wireless' Position: 9-1-1 is not part of interconnection and terms and conditions for the provision of 9-1-1 should not be part of interconnection.

SBC's Position: 9-1-1 provisions should be part of the interconnection agreement.

Proposed Resolution: Rules and regulations provisioning 9-1-1 emergency services have been established by the FCC and by this Commission. 9-1-1 service is not mentioned in the First Report and Order, nor is it mentioned in conjunction with interconnection in the Act or the Code of Federal Regulations. Additional terms and conditions for the provision of 9-1-1 service, as proposed by SBC will lead to unnecessary confusion and possible contradiction with the rules and regulations governing 9-1-1 issued by the FCC and by this Commission. The Commission should reject SBC's proposed 9-1-1 Appendix and allow the rules set by this Commission in Title 83, Part 725 of the Illinois Administrative Code, Standards of Service Applicable to 9-1-1 Emergency Services, ILL. ADMIN. CODE tit. 83, § 725 (2000) and Title 83, Part 728, of the Illinois Administrative Code, Standards of Service Applicable to Wireless 9-1-1

Emergency Services, ILL. ADMIN. CODE tit. 83, § 728 (2000) to apply to the provision of 9-1-1 Emergency Services by Verizon Wireless.

ISSUE 10. FAILURE TO CHARGE FORWARD-LOOKING RATES FOR TRANSITING.

Sections of Interconnection Agreement Affected:

1.58
1.59
8.1
8.2
8.3
8.4
8.5

Summary of Issue in Dispute: Is transiting local interconnection and therefore must be priced at forward-looking rates?

Verizon Wireless' Position: SBC utilizes the tandem as the primary vehicle in its own network by which to route calls between its end offices and rural telcos, wireless, and competitive carriers. Verizon Wireless believes that "transiting" is local interconnection and that the pricing should reflect forward-looking rates.SBC's Position: SBC has stated that it does not believe "transiting" is local interconnection and that it is free to charge whatever the market will bear.

Proposed Resolution: Verizon Wireless proposes that "transiting" should fall under the rules of local interconnection because it is directly related to the obligation for all carriers to interconnect directly or indirectly under Section 251(a)(1) of the Act, 47 U.S.C. § 251(a)(1). Under the rules established by the FCC in the First Report and Order and the Code of Federal Regulations, SBC should provide the function under some forward-looking cost based methodology established by the Commission pursuant to 47 CFF §§ 51.501, 51.505, 51.507, 51.509 and 51.511SBC contends that "transiting" is not local interconnection, yet 47 CFR § 51.305 states:

> (a) An incumbent LEC shall provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the incumbent LEC's network:
>
> * * * *
>
> (2) At any technically feasible point within the incumbent LEC's network including, at a minimum:
>
> * * * *
>
> (iii) **the trunk interconnection points for a tandem switch;**
>
> *** * * ***
>
> (5) on terms and conditions that are just, reasonable and nondiscriminatory in accordance with the terms and conditions of any agreement, the requirements of sections 251 and 252 of the Act, and the Commission's rules including, but not limited to, offering such terms and conditions equally to all requesting telecommunications carriers, and **offering such terms and conditions that are no less favorable than the terms and conditions the incumbent LEC provides such interconnection to itself**. . . .
>
> 47 CFR § 51.305 (emphasis added).

Interconnecting carriers are already connecting at SBC's tandems and pay cost-based prices for the tandem switching function when they send traffic to SBC. On the other hand, when the interconnecting carrier uses the same tandem to route traffic, in the same manner that SBC uses to route SBC local interconnection traffic to another party, SBC applies a different charge (the "transiting charge"). It is clear that SBC has, for a number of years, successfully avoided providing local interconnection to interconnecting carriers on terms and conditions that are equal to what it provides for itself. There is absolutely no difference in the tandem functionality that SBC provides for itself to route local interconnection traffic to other interconnecting carriers and what it provides to competitive and wireless carriers to route that same traffic. The Commission should prohibit SBC from charging anything other than already established tandem switching rates under local interconnection, reflecting forward-looking, cost-based rates.

ISSUE 11. REFUSAL TO ACCEPT REASONABLE PERFORMANCE STANDARDS AND PENALTIES.

Sections of Interconnection Agreement Affected:
5.3.3
5.4.3

Summary of Issue: Should reasonable performance standards be incorporated into the Interconnection Agreement?

Verizon Wireless Position: Verizon Wireless believes it is in the best interests of both Parties to have reasonable mutually binding performance standards, yet hold each Party to clearly definable measurements with reasonable penalties associated with failure.

SBC's Position: SBC rejects the proposal without comment.

Proposed Resolution: The Commission should adopt the proposed reasonable Verizon Wireless standards (either Bellcore standard performance criteria for DS1 HICAP or a reasonable time period to correct recognized network deficiencies such as congestion or blocking). SBC's record regarding performance standards in Illinois is not good. In this Commission's discussion of the Illinois Merger Conditions, the Commission noted several times that even SBC acknowledges that performance is "'a long recognized' problem persisting for many years." Network deficiencies and poor service does not only affect SBC's own end-users, but where those network deficiencies and poor service impact the customers of a competing interconnecting competitor, they unfairly cause a perception among the competitor's end-users of poor service. Verizon Wireless believes the standards and penalties are fair in that they are mutual and they provide a means of correcting any shortcomings by either Party.

VI. CONCLUSION

In Verizon Wireless' Proposed Interconnection Agreement, Verizon Wireless has presented reasonable solutions to the issues upon which SBC and Verizon Wireless disagree. These solutions are supported by the position discussions made above. Verizon Wireless' Proposed Interconnection Agreement is consistent with the public interest, convenience, and necessity. Verizon Wireless' proposed agreement will help benefit the evolution of telecommunications competition and economic development within the state by continuing to provided consumers with telecommunications alternatives and improved quality of service, long stated goals of the Illinois Commerce Commission, the Legislature and Governor.

WHERFORE, Verizon Wireless respectfully request that SBC, the Arbitration Panel, and the Commission adopt Verizon Wireless' Proposed Interconnection Agreement.

Respectfully Submitted,

Haran C Rashes

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Attorneys for Verizon Wireless

Dated: January 5, 2001

STATE OF ILLINOIS

BEFORE THE ILLINOIS COMMERCE COMMISSION

In the matter of Verizon Wireless Petition for Arbitration pursuant to Section 252 (b) of the Telecommunications Act of 1996 to establish an Interconnection Agreement with Illinois Bell Telephone Company d/b/a Ameritech Illinois	))))))	Docket No. 01-_______

STATE OF CALIFORNIA)
) ss
COUNTY OF CONTRA COSTA)

John L. Clampitt, being duly sworn, states as follows:

1. I am a member of the Technical Staff of Verizon Wireless.

2. I have personal knowledge of the facts set forth in Verizon Wireless's Petition for Arbitration pursuant to Section 252(b) of the Telecommunications Act of 1996 to establish an Interconnection Agreement with Illinois Bell Telephone Company d/b/a Ameritech Illinois, and am competent and authorized to testify to the facts within the Petition as a witness on behalf of Verizon Wireless.

3. I do on oath depose and state that the facts contained in the foregoing Petition are true and correct to the best of my knowledge and belief.

Further affiant sayeth not.

John L. Clampitt
Member Technical Staff
Verizon Wireless

Signed and sworn to before me
this 4th day of January, 2001.

Notary Public
Contra Costa, California
My Commission expires: 12/21/02

MEREDITH A. HUGHES
COMM. 1205631
NOTARY PUBLIC - CALIFORNIA
CONTRA COSTA COUNTY
My Comm. Expires Dec. 21, 2002

EXHIBITS

Exhibit A	Verizon Wireless' Proposed Interconnection Agreement
Exhibit B	Correspondence regarding initiation of negotiations
Exhibit C	Verification of John Clampitt
Exhibit D	Redlined Interconnection Agreement.
Exhibit E	SBC's Final Offer Contract
Exhibit F	Michigan Interconnection Agreement – Pricing Schedule
Exhibit G	Illinois Bell Telephone Company Tariff ILL. C.C. No. 20, Part 19, Section 9.
Exhibit H	Verizon Wirelesss MSA/RSA map.